

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 IO-10

FEA-01 ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05

PM-03 USIA-06 OES-03 SS-15 /120 W
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R 131933Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9053

INFO ALL EC CAPITALS 767

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

AMEMBASSY OTTAWA

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E.O. 11652: NA

TAGS: ENRG EEC

SUBJECT: EC COMMISSION PAPER ON CONSUMER/PRODUCERS DIALOGUE

1. SUMMARY: THE EC COMMISSION ON JUNE 11 APPROVED AND
SENT TO THE COUNCIL A PAPER CONTAINING A DRAFT COMMUNITY
APPROACH TO THE CONSUMER/PRODUCERS DIALOGUE. THE PAPER
MAKES THE FOLLOWING MAIN POINTS:

- PROCEDURAL QUESTIONS SHOULD BE PUT ASIDE FOR
THE MOMENT
- THE QUESTION OF RAW MATERIALS AND LDCS SHOULD BE

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GIVEN THE SAME IMPORTANCE AS ENERGY

--FOR ENERGY A PERMANENT "COOPERATIVE FRAMEWORK"
SHOULD BE ESTABLISHED TO FACILITATE THE EXCHANGE
OF INFORMATION AND THE IDENTIFICATION OF
PROBLEMS AND SOLUTIONS
-- THERE MUST ALSO BE COOPERATION IN TECHNICAL,
INDUSTRIAL AND FINANCIAL MATTERS
--SPECIAL ATTENTION MUST BE PAID TO THE PROBLEMS
OF THE MOST SERIOUSLY AFFECTED LDCS
--AN IMPORTANT OBJECTIVE OF ASSISTANCE TO THE
LDCS SHOULD BE TO INCREASE THEIR FOOD PRODUCTION.
--WORK IN SOME FIELDS SUCH AS RAW MATERIALS, FOOD
AND DEVELOPMENT POLICY, IS BEING UNDERTAKEN IN
OTHER FORA; HOW THESE EFFORTS CAN BE COORDINATED
WITH THOSE OF THE DIALOGUE ITSELF CAN BE DETERMINED
ONCE THE DIALOGUE HAS GOTTEN UNDERWAY.
--THE COUNCIL SHOULD TAKE A DECISION ON THE
COMMISSION PAPER AS SOON AS POSSIBLE AND NOT
LATER THAN THE "EUROPEAN COUNCIL" MEETING
SCHEDULED FOR JULY 16-17. END SUMMARY.

2. THE ENGLISH VERSION OF THE DOCUMENT ENTITLED
COMMUNICATIONS FROM THE COMMISSION TO THE COUNCIL CONCERNING
EFFORTS TO BEGIN A DIALOGUE WHICH WERE BEGUN AT THE
PREPARATORY MEETING IN PARIS" WILL APPEAR SOMETIME THE
WEEK OF JUNE 16 AND WILL BE FORWARDED BY AIRGRAM.
THE FOLLOWING SUMMARY IS BASED ON THE FRENCH VERSION.

3. IN ITS PAPER THE COMMISSION ARGUES THAT THE BEST
TACTIC AT THE MOMENT IS TO BYPASS THE PAST DISCUSSION OF
PROCEDURAL QUESTIONS THAT EMERGED AT THE PARIS PREPCON.
RATHER, THE PARTICIPANTS SHOULD SHOW THEIR WILLINGNESS
TO SEEK CONCRETE SOLUTIONS AND TO INDICATE WHAT KIND OF
SOLUTIONS THEY ARE PREPARED TO CONSIDER. THE COMMISSION
BELIEVES SUCH AN APPROACH WILL MAKE IT EASIER FOR
PARTICIPANTS TO COME TO AGREEMENT TO THE ORGANIZATION
OF THE DIALOGUE.

4. THE PAPER NOTES THAT ONE OF THE PROBLEMS AT PREPCON I
WAS THE DIFFICULTY OF DECIDING HOW TO TREAT RAW MATERIALS
AND LDC DEVELOPMENT QUESTIONS. THE COMMISSION PROPOSES
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THAT THE COMMUNITY AGREE THAT THESE PROBLEMS SHOULD BE
GIVEN EQUAL WEIGHT WITH ENERGY.

5. THE COMMISSION LISTS THE FOLLOWING FOUR OBJECTIVES
WHICH IT BELIEVES THE DIALOGUE SHOULD HELP TO ACHIEVE:
-- TO ASSURE LDCS THAT THEIR STANDARD OF LIVING WILL BE
UPGRADED AND THAT THEY WILL HAVE A SHARE IN
WORLD ECONOMIC GROWTH

- TO ASSIST THE EFFORTS TO EXPORTERS OF RAW MATERIALS AND ENERGY PRODUCTS IN THEIR ECONOMIC DEVELOPMENT
- TO STABILIZE THE CONDITIONS OF THOSE LDCS WHICH ARE IMPORTERS OF RAW MATERIALS
- TO PERMIT THE INDUSTRIALIZED COUNTRIES TO REESTABLISH THE EQUILIBRIUM OF THEIR ECONOMIES.

6. IT WOULD BE COUNTER PRODUCTIVE TO BEGIN THE DIALOGUE WITH A CONTROVERSY ON THE PRICE OF OIL. ON THE CONTRARY, COOPERATION BETWEEN EXPORTERS AND IMPORTERS SHOULD BE ALONG THE FOLLOWING LINES:

- AN EXCHANGE OF FACTUAL INFORMATION WHICH WILL ASSIST THE DEVELOPMENT OF THE DIALOGUE
- AN EXCHANGE OF FACTUAL INFORMATION WHICH WILL ASSIST THE DEVELOPMENT OF THE DIALOGUE
- THE IDENTIFICATION OF ENERGY PROBLEMS
- A DIALOGUE TO BEGIN THE SEARCH FOR SUBSTANTIVE SOLUTIONS TAKING ACCOUNT OF THE DIFFERING SITUATION OF THE PARTICIPATION COUNTRIES.

THE COMMISSION CALLS FOR THE ESTABLISHMENT OF A PERMANENT "FRAMEWORK FOR COOPERATION" WHICH WOULD BE SUFFICIENTLY SMALL TO BE WORKABLE, SUFFICIENTLY LARGE TO BE REPRESENTATIVE AND SUFFICIENTLY OPEN IN ITS PROCEDURES SO THAT ALL INTERESTS INVOLVED CAN BE HEARD.

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PM-03 USIA-06 OES-03 SS-15 /120 W

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R 131933Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9054

INFO ALL EC CAPITALS 768
AMEMBASSY ANKARA
AMEMBASSY BERN
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7. WITH RESPECT TO INDUSTRIAL AND TECHNICAL COOPERATION, THE COMMISSION PAPER POINTS OUT THE NEED TO AVOID COSTLY DUPLICATION OF FACILITIES. GEOGRAPHIC DISTRIBUTION OF THE INVESTMENT OF THE PRODUCERS SHOULD CONFORM TO THEIR ASPIRATIONS OF ECONOMIC DEVELOPMENT AND PROFITABILITY. SUCH INVESTMENTS CAN BE EITHER IN THE ENERGY FIELD, SUCH AS DEVELOPMENTS OF ALTERNATIVE SOURCES, REFINERIES, PETRO-CHEMICAL, ETC., OR IN NON-ENERGY RELATED FIELDS. INDUSTRIAL COOPERATION SHOULD INCLUDE THE TRANSFER OF KNOW-HOW IN PETROLEUM PRODUCTION.

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8. COOPERATION IN FINANCIAL MATTERS SHOULD DEAL WITH PROFITABILITY AND SECURITY OF INVESTMENTS IN INDUSTRIALIZED COUNTRIES. HOWEVER, TO AVOID THE PROLIFERATION OF NATIONAL CONTROLS ON INVESTMENTS OR THE RISK OF BILATERALISM IN FINANCIAL RELATIONS, AN INVESTMENT CODE SHOULD BE CONSIDERED. ANOTHER POSSIBLE APPROACH COULD INVOLVE MIXED PRODUCER-CONSUMER "INVESTMENT TRUSTS."

9. DEVELOPMENT POLICY: THE COMMISSION STATES THAT, IN SPITE OF THE DIFFICULT BUDGETARY SITUATION IN THE MEMBER STATES, AID TO THE COUNTRIES MOST SERIOUSLY AFFECTED BY THE HIGHER OIL PRICES MUST BE INCREASED. THE INDUSTRIALIZED COUNTRIES, HOWEVER, DO NOT HAVE THE RESOURCES TO DO ALL THAT IS NEEDED FOR THE MSAs. CERTAIN OF THE PRODUCERS SHOULD ALSO CONTRIBUTE.

10. WORLD FOOD PROBLEM: THE LONG-TERM SOLUTION TO THE WORLD FOOD PROBLEM LIES IN THE DEVELOPMENT OF AGRICULTURE IN THE LDCs. IT IS NECESSARY THEREFORE TO ASSIST THEM IN EXPANSION OF THEIR FOOD PRODUCTION. SINCE SUCH FINANCIAL EFFORTS WILL ONLY TAKE EFFECT GRADUALLY, IT IS ESSENTIAL THAT OTHER MEASURES SUCH AS THE SALE OF

FOOD AT REDUCED PRICES ALSO OCCUR.

11. THE COMMISSION ALSO EXPECTS TO CONTRIBUTE TO THE SECURITY OF THE WORLD FOOD PROGRAM IN THE CONTEXT OF THE MULTILATERAL TRADING NEGOTIATIONS IN GENEVA. SPECIFICALLY THE COMMUNITY HAS PRESENTED A SCHEME ON CEREALS AIMED AT STABILIZING PRICES. (IN A FOOTNOTE THE COMMISSION ALSO REFERS TO ITS PARTICIPATION IN LONDON TALKS ON FOOD RESOURCES).

12. MODALITIES OF THE DIALOGUE: THE COMMISSION PAPER RECOGNIZES THAT IN VARIOUS AREAS INCLUDING RAW MATERIALS, FOOD AND DEVELOPMENT POLICY, THERE IS MUCH ACTIVITY IN OTHER INTERNATIONAL FORA. THE COMMISSION REINTERATES ITS VIEW OF THE NEED TO AVOID DUPLICATION OF EFFORT. THE PAPER SUGGESTS THAT DURING THE COURSE OF THE DIALOGUE ITSELF, IT WILL BE POSSIBLE TO DECIDE TO WHAT EXTENT THESE QUESTIONS SHOULD BE EXAMINED WITHIN THE FRAME-LIMITED OFFICIAL USE

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WORK OF THE DIALOGUE AND WHAT EXTENT THEY SHOULD BE DEALT WITH BY EXISTING ORGANIZATIONS OR NEW BODIES WHICH MIGHT BE ESTABLISHED. THE PAPER EMPHASIZES THE FACT THAT, WHILE FOA EXISTS FOR THE OTHER PROBLEMS THERE IS PRESENTLY NO PRODUCER - CONSUMER FORUM FOR ENERGY.

13. THE COMMISSION CALLS ON THE COUNCIL TO ACT ON ITS RECOMMENDATIONS AS SOON AS POSSIBLE BUT IN ANY EVENT NO LATER THAN THE "EUROPEAN COUNCIL" MEETING SCHEDULED FOR JULY 16-17, 1975. IT EMPHASIZED THAT THE COMMUNITY MUST MAINTAIN ITS FLEXIBILITY AND READINESS TO EXAMINE IDEAS TABLED BY OTHERS WITH THE SAME ATTENTION THAT IT GIVES ITS OWN PROPOSALS. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, MEETINGS, IMPORTERS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU05320
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750207-0629
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750649/aaaabska.tel
Line Count: 261
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by ElyME>; APPROVED <22 SEP 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION PAPER ON CONSUMER/PRODUCERS DIALOGUE
TAGS: ENRG, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006